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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )  
 ) CC Docket No. 95-72  
End User Common Line Charges )

COMMENTS

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U S WEST Communications, Inc. ("U S WEST"), through counsel and pursuant to the Federal Communications Commission's ("Commission") Notice of Proposed Rulemaking, hereby files its comments on the application of End User Common Line ("EUCL") charges to multi-channel services.<sup>1</sup>

I. INTRODUCTION

When the Commission adopted its Access Charge Order<sup>2</sup> in 1983, there were few, if any, services available to end users which used derived channel technology to provide multiple channels over a single facility. In most cases, there was a one-to-one relationship between the number of communications channels available to end users and the number of physical facilities. With the exception of Centrex services, the EUCL debate was a debate over the level of EUCL charges, not how these

<sup>1</sup> In the Matter of End User Common Line Charges, CC Docket No. 95-72, Notice of Proposed Rulemaking, FCC 95-212, rel. May 30, 1995 ("NPRM")

<sup>2</sup> In the Matter of MTS and WATS Market Structure, Third Report and Order, 93 FCC 2d 241 (1983), recon., 97 FCC 2d 682 (1983), further recon., 97 FCC 2d 834 (1984), aff'd in part, NARUC v. FCC, 737 F.2d 1095 (D.C. Cir. 1984) (per curiam), cert. denied, 469 U.S. 1227 (1985) ("Access Charge Order").

charges should be assessed. With the introduction of Integrated Services Digital Network ("ISDN") and other multi-channel services, the question of how EUCL charges should be assessed takes on increased importance since there is no longer a one-to-one relationship between the number of communications channels and physical facilities.

The issue of the application of EUCL charges to multi-channel services was first brought to the Commission's attention in a NYNEX tariff filing in 1992.<sup>3</sup> In its tariff, NYNEX proposed to assess a single EUCL charge per T-1 facility as long as all channels derived from that facility were used to provide a single customer with FLEXPATH Service, Conversion PBX Service, or ISDN service.<sup>4</sup> As the Commission notes in its NPRM, the Common Carrier Bureau ("Bureau") rejected NYNEX's tariff for failure to comply with Commission rules governing the assessment of EUCL charges.<sup>5</sup> The Commission recently affirmed the Bureau's conclusion on reconsideration.<sup>6</sup> This action and the Commission's recognition that circumstances have changed significantly since adoption of the Access Charge Order in 1983 culminated in the issuance of the instant NPRM.

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<sup>3</sup> In the Matter of NYNEX Telephone Companies Revisions to Tariff F.C.C. No. 1, Memorandum Opinion and Order, 7 FCC Rcd. 7938 (1992).

<sup>4</sup> Id. at ¶ 2.

<sup>5</sup> NPRM ¶ 11.

<sup>6</sup> In the Matter of NYNEX Telephone Companies Revisions to Tariff F.C.C. No. 1, Order on Reconsideration, 10 FCC Rcd. 2247 (1995).

U S WEST commends the Commission for its timeliness in issuing its NPRM. Clearly, failure to take action at this time would slow, if not impede, the introduction of more efficient and economical multi-channel end-user services. The Commission's desire to avoid detrimental impacts on residential customers and interexchange carriers and to avoid reducing the level of non-traffic sensitive ("NTS") costs recovered through flat rate charges are valid concerns.<sup>7</sup> Any modification of the Commission's rules for assessing EUCL charges on multi-channel services must accommodate these concerns.

## II. THE COMMISSION'S CONCERNS CAN BE ACCOMMODATED IF EUCL CHARGES ARE ASSESSED ON THE BASIS OF RELATIVE NTS COSTS

Any solution to the EUCL charge problem should take into account the NTS costs of providing multi-channel services. The Commission adopted its current rules on the application of EUCL charges to ensure that a significant portion of NTS costs was recovered from end users on a flat rate basis. This approach reflected the manner in which these costs were incurred (i.e., largely one-time investment costs) and recovered them from the responsible parties (i.e., cost causers). This worked relatively well for single channel services. However, the current rules make much less sense when applied to multi-channel services. The NTS costs of providing multi-channel services do not increase proportionally as the number of derived channels increases. In fact, it is just the opposite -- the greater

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<sup>7</sup> NPRM ¶ 18.

the number of channels derived from a given facility the lower the NTS costs per channel. As a result, it is difficult, if not impossible, to justify assessing EUCL charges on a per-channel basis for multi-channel services.

Recognition of the cost characteristics of multi-channel services in conjunction with the Commission's original objectives in adopting EUCL charges leads to one conclusion. That is, it will be all but impossible to arrive at an equitable approach for assessing EUCL charges on multi-channel services without examining the NTS costs of these services and other single channel local exchange services.<sup>8</sup> Options such as applying one EUCL charge per multi-channel facility or applying one EUCL charge per channel must be eliminated. These options totally ignore the NTS costs of providing multi-channel services.

The option that appears to best accommodate the Commission's goals and take NTS costs characteristics into account is to assess EUCL charges based on a ratio of the average local exchange carrier ("LEC") NTS cost of providing multi-channel services (i.e., including line or trunk cards) to the average LEC cost of providing single channel services. Appendix A contains average NTS costs for U S WEST's single channel services, T1-based multi-channel services, and basic rate ISDN-basic rate service. If EUCL charges were assessed on the basis of

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<sup>8</sup> U S WEST does not believe that it is appropriate to assess EUCL charges on video dialtone (or "VDT") service. All incremental NTS costs associated with providing video dialtone service will be recovered in VDT rates. Furthermore, VDT service bears little, if any, resemblance to traditional local exchange services.

relative NTS costs, T1-based multi-channel services would be assessed 11 EUCL charges while ISDN-basic rate service would be assessed one EUCL charge.

U S WEST believes that NTS cost ratios and EUCL charges should be developed on a company-wide basis rather than by study area. Such an approach would ensure that the same proportion of NTS costs would be recovered through EUCL charges on multi-channel services as from EUCL charges on single channel services. This approach should alleviate any Commission concern over possible detrimental impacts on residential customers and the carrier common line ("CCL") charge.<sup>9</sup> Appendix B demonstrates that adoption of U S WEST's proposal for calculating EUCL charges for multi-channel services would not have a negative impact on the CCL charge.

### III. CONCLUSION

For the foregoing reasons, the Commission should revise its rules to require LECs to assess EUCL charges on multi-channel services on the basis of relative NTS costs, as described above. Such a rule change would serve the public interest by: minimizing regulatory barriers to the development and spread of LEC multi-channel services; avoiding negative impacts on residential customers and

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<sup>9</sup> Since multi-channel services to end users are still in their infancy, Commission rules which result in reasonable EUCL charges for these services will stimulate growth. This in turn will lead to even lower CCL charges on interexchange carriers.

interexchange carriers; and ensuring that the level of NTS costs recovered through flat rate charges does not decrease.

Respectfully submitted,

U S WEST COMMUNICATIONS, INC.

By: James T. Hannon  
James T. Hannon  
Suite 700  
1020 19th Street, N.W.  
Washington, DC 20036  
(303) 672-2860

Its Attorney

Of Counsel,  
Dan L. Poole

June 29, 1995

**U S WEST**  
**NON-TRAFFIC SENSITIVE COST AND EUCL ANALYSIS**

	(A) AVERAGE NTS COST	(B) PROPOSED EUCL'S
<u>SINGLE-CHANNEL SERVICES</u>	\$17.34	1
 <u>MULTI-CHANNEL SERVICES</u>		
T1- BASED	\$183.78	11 (183.78/17.34)
 ISDN-BASIC RATE	\$18.52	1 (18.52/17.34)

## Notes:

SINGLE CHANNEL SERVICES:

This line shows the average monthly Non-Traffic Sensitive cost (NTS) for the following Single-Channel services: Basic Residence, Basic Business, PBX Trunk, Centrex, PAL Line, and SwitchNet 56.

MULTI-CHANNEL SERVICES. T1 BASED:

This line shows the average monthly Non-Traffic Sensitive cost (NTS) for the following Multi-Channel services: Digital Switch Services-Basic, Digital Switch Services-Advanced, and ISDN-Primary Rate.

MULTI-CHANNEL SERVICES. ISDN-BASIC RATE:

This line shows the average monthly Non-Traffic Sensitive cost (NTS) for ISDN-BASIC RATE service.

PROPOSED EUCL'S

COLUMN B, calculates the ratio between single line services and the two categories of multi-channel services. The number of EUCL's proposed is equal to the ratio of costs rounded to the nearest whole number.

# U S WEST REVENUE IMPACT

APPENDIX B

<u>END USER COMMON LINE</u>	1995 ANNUAL FILING	23 Primary 2 Basic	% CHANGE	11 Primary 1 Basic	% CHANGE
ARIZONA	\$6.00	\$6.00	0.00%	\$6.00	0.00%
COLORADO	\$6.00	\$6.00	0.00%	\$6.00	0.00%
IDAHO	\$6.00	\$6.00	0.00%	\$6.00	0.00%
MONTANA	\$6.00	\$6.00	0.00%	\$6.00	0.00%
NEW MEXICO	\$6.00	\$6.00	0.00%	\$6.00	0.00%
UTAH	\$6.00	\$6.00	0.00%	\$6.00	0.00%
WYOMING	\$6.00	\$6.00	0.00%	\$6.00	0.00%
IOWA	\$4.75	\$4.75	0.00%	\$4.75	0.00%
MINNESOTA	\$5.81	\$5.75	-1.03%	\$5.81	0.00%
NEBRASKA	\$5.75	\$5.66	-1.57%	\$5.75	0.00%
NORTH DAKOTA	\$6.00	\$6.00	0.00%	\$6.00	0.00%
SOUTH DAKOTA	\$6.00	\$6.00	0.00%	\$6.00	0.00%
IDAHO	\$6.00	\$6.00	0.00%	\$6.00	0.00%
OREGON	\$6.00	\$6.00	0.00%	\$6.00	0.00%
WASHINGTON	\$5.91	\$5.87	-0.68%	\$5.90	-0.17%
 <u>* PROPOSED REVENUES</u>					
MLB/CENTREX	\$231,406,712	\$232,675,179	0.55%	\$231,458,936	0.02%
SLB	\$15,752,562	\$15,752,562	0.00%	\$15,752,562	0.00%
RESIDENCE	\$405,846,294	\$405,846,294	0.00%	\$405,846,294	0.00%
LIFELINE (TAP)	\$9,939,090	\$9,939,090	0.00%	\$9,939,090	0.00%
SURCHARGE	\$1,292,100	\$1,292,100	0.00%	\$1,292,100	0.00%
 TOTAL EUCL	 \$664,236,758	 \$665,505,225	 0.19%	 \$664,288,982	 0.01%
 <u>* NO CHANGE TO RES, SLB, TAP RATES</u>					
CARRIER COMMON LINE	\$255,527,369	\$256,497,121	0.38%	\$255,791,781	0.10%
 TOTAL COMMON LINE REVENUES	 \$919,764,127	 \$922,002,346	 0.24%	 \$920,080,763	 0.03%
 <u>CCL MAXIMUM RATE CALCULATION</u>					
"g"	4.6724%	4.6283%	-0.94%	4.6699%	-0.05%
PCI(t)	84.8927	84.9152	0.03%	84.8940	0.00%
AVG MAX CCL RATE	0.005917	0.005934	0.29%	0.005918	0.02%
MAXIMUM RATE	0.005924	0.005941	0.29%	0.005925	0.02%
PROPOSED RATE	0.005797	0.005819	0.38%	0.005803	0.10%

## NOTES:

### END USER COMMON LINE:

This portion of the workpaper depicts the End User Common Line (EUCL) rates for the following scenarios:

- Rates reflected in USW's 1995 Annual Filing (May 9, 1995)
- Rates developed using the demand for ISDN for assessing SLC's on a derived channel basis
- Rates resulting from demand for all multi-channel services using the USW proposed NTS cost ratio approach

### PROPOSED REVENUES:

This section reflects associated revenue impacts resulting from EUCL rates derived with the above demand assumptions.

U S WEST considers our Multi-channel services to be Multi-line Business services therefore, demand associated with CALC assessment for the three demand assumptions affects only EUCL MLB/CENTREX revenues.

### CARRIER COMMON LINE

This section portrays the residual NTS cost recovered through the minutes of use CCL charge

### TOTAL COMMON LINE REVENUES

This number depicts proposed revenues (EUCL + CCL) it does not represent the Common Line "R" Revenues which are calculated in the Annual Filing.

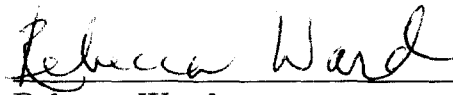
### CCL MAXIMUM RATE CALCULATION

This section displays the indices that are calculated in the Annual Filing. The data reflects a lower Maximum CCL rate resulting from the NTS cost ratio approach and from the approach which assumes assessment of CALC on a derived channel basis. The U S WEST proposed CCL rate for the cost ratio approach remains the same as the proposed rate in our 1995 Annual Filing.



## CERTIFICATE OF SERVICE

I, Rebecca Ward, do hereby certify that on this 29th day of June, 1995, I have caused a copy of the foregoing **COMMENTS** to be served via hand-delivery upon the persons listed on the attached service list.

  
Rebecca Ward

James H. Quello  
Federal Communications Commission  
Room 802  
1919 M Street, N.W.  
Washington, DC 20554

Andrew C. Barrett  
Federal Communications Commission  
Room 826  
1919 M Street, N.W.  
Washington, DC 20554

Reed E. Hundt  
Federal Communications Commission  
Room 814  
1919 M Street, N.W.  
Washington, DC 20554

Susan P. Ness  
Federal Communications Commission  
Room 832  
1919 M Street, N.W.  
Washington, DC 20554

Rachelle B. Chong  
Federal Communications Commission  
Room 844  
1919 M Street, N.W.  
Washington, DC 20554

Kathleen M.H. Wallman  
Federal Communications Commission  
Room 500  
1919 M Street, N.W.  
Washington, DC 20554

International Transcription  
Services, Inc.  
Suite 140  
2100 M Street, N.W.  
Washington, DC 20037

Peggy Reitzel  
Federal Communications Commission  
Room 544  
1919 M Street, N.W.  
Washington, DC 20554

Claudia R. Pabo  
Federal Communications Commission  
Room 544  
1919 M Street, N.W.  
Washington, DC 20554